# U.S. Customs and Border Protection Modernization

## Report to Congress:
### The Automated Commercial Environment (ACE)
CBPMO-RPRT-010

**March 31, 2004**

U.S. Customs and Border Protection Modernization Office

# Automated Commercial Environment (ACE) Report to Congress

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# Executive Summary

The *Report to Congress: The Automated Commercial Environment* consolidates U.S. Customs and Border Protection (CBP) Congressional reporting requirements, which include the *Homeland Security Appropriations Bill, 2004* and the *Trade Act of 2002.* These two reports require quarterly updates on how ACE development and establishment is being implemented cost-effectively, and how ACE meets the modernization requirements of the 1993 Customs Modernization Act (Title VI of the North American Free Trade Agreement Implementation Act).  The General Accounting Office (GAO) has requested that the ACE quarterly report also provide a status on efforts to resolve open audit recommendations.

This report is provided to the Senate Finance Committee, House Ways and Means Committee, and both Appropriations Committees.  The reporting period for this update is January 1 – March 31, 2004.  The report provides a "snapshot" of current program status, highlighting recent accomplishments, challenges, and near-term milestones through June 30, 2004.  A review of previous reports may be helpful in understanding the full context of the information provided in this edition of the report.

The <u>performance</u> section highlights key ACE program accomplishments, actions to satisfy the GAO's audit recommendations, and a brief overview of how ACE capabilities will help satisfy the requirements of the 1993 Customs Modernization Act.  Appendix A contains a table that depicts the alignment between ACE capabilities, the specific electronic processing functions required under the Act, and the high-level program schedule for fielding ACE capabilities.  A description of ACE capabilities is also included in this appendix.

The <u>schedule</u> section includes contract baseline dates, and current milestone projections.

The <u>cost</u> section updates ACE funding and expenditures; cost challenges; and describes program cost containment efforts.

By its nature, the environment in which ACE is being developed is characterized by technical terms and acronyms.  An attempt has been made to minimize jargon as much as possible.  To assist in understanding, Appendix B provides a glossary of commonly used acronyms in the report and selected definitions.

# 1.  Performance

This section highlights how ACE will help satisfy the requirements of the Customs Modernization Act, selected program accomplishments, and actions related to the open GAO recommendations.

## 1.1  Compliance with the Customs Modernization Act

The Customs Modernization Act is the primary business driver and the legal foundation for the CBP Modernization effort.  The Act emphasizes electronic processing and self-compliance as the preferred method for handling commercial importations.  The Act also directs CBP to pursue automation programs.  The Act provides the foundation for the redesign of the trade compliance process and the strengthening of selectivity and targeting systems.  These are key requirements for enhancing border security and expediting legitimate trade.

The Act outlines requirements for automation and provides for the electronic processing of imports.  The CBP is developing ACE to deliver these capabilities in a secure, paper-free, web-enabled environment.  The ACE is being built using an incremental approach that features a series of releases.  Each release will leverage the foundation components and functionality present in the previous releases and bring new capabilities to the trade community and government users.  The planned delivery of functionality within and across ACE releases serves to fulfill specific Subtitle requirements.  Appendix A identifies requirements in the Act with the ACE release(s) in which associated functionality will be delivered.  The table in Appendix A illustrates that particular requirements in the Act may be supported across multiple ACE releases.  The table depicts the alignment between ACE capabilities, the specific electronic processing functions required under the Act, and the high-level program schedule for fielding ACE capabilities.

## 1.2  ACE Development Accomplishments

Following are key program accomplishments between January 1 and March 31, 2004.

- **Initiated Field Testing of Security Prototypes**.  The prototypes for Knowledge-Based Risk Management and the Intelligent Information Factory were installed at the National Targeting Center.  Field trials were initiated to test and evaluate the prototypes.

- **Developed Account Expansion Plan.**  This plan documents the collaborative effort of the U.S. Customs and Border Protection Modernization Office (CBPMO), the e-Customs Partnership (eCP), and the trade community to expand to the number of accounts with ACE access, which are currently approaching 100.  The plan details the expansion goals, process, timing, and roles of affected stakeholders.

- **Published Federal Register Notice (FRN) to Recruit Broker Accounts.** The FRN was issued February 4, 2004, to establish broker accounts for participation in a pilot test of ACE electronic periodic payment and statement features, similar to commercial credit card statements. This FRN invites brokers for the initial 41 ACE importers who participated in the ACE Secure Data Portal pilot test to establish ACE accounts.

- **Published FRN Notice to Recruit Truck Carriers.** This FRN was issued February 4, 2004, to establish ACE Secure Data Portal accounts for truck carriers.

- **Developed the International Trade Data System (ITDS) Program Plan.** The ITDS Program Plan provides a general description of the ITDS program, vision, goals, and objectives. It describes how the program is managed, and outlines what actions a government agency must take to participate in the program. The plan highlights program priorities for the next two fiscal years and includes a schedule for participating agency integration. This plan is currently under review by CBPMO.

- **Initiated the Global Business Blueprinting (GBB) Effort.** The GBB is a comprehensive effort to define future CBP business processes, and how CBP will use SAP as the ACE Commercial-off-the-Shelf backbone and other technology applications to support the new business processes. Initial GBB activities include CBP and eCP program team coordination to align strategic and financial objectives, and collaboration with government agencies and the trade community to ensure business processes are harmonized. The results of the GBB will provide the information needed to develop future ACE releases.

- **Conducted a Successful Trade Support Network (TSN) Conference.** Approximately 250 attendees participated in the TSN Conference in Torrance, California, January 27-29, 2004. Attendees were briefed on ACE program status by CBPMO officials. Highlights of the TSN Plenary Session included presentations on Advanced Cargo Information/Bioterrorism; Account Management/Account Expansion and upcoming FRNs; Periodic Payment and Enhanced Account Management Status Update; and the Southern Border Transaction Flow. Industry sectors were able to view the Periodic Payment User Interface presentation in breakout sessions. The TSN continues to be a valuable forum to hear both ACE development and deployment concerns, but also the positive reviews on the initial ACE capabilities that have been deployed.

- **Developed the ACE Ambassador Plan.** This Plan defines the ACE Ambassador Program and details the program management, the goals of the program, and the participants. It is managed by CBPMO and is designed to enlist CBP employees to deliver standard messages about the implementation of ACE capabilities and other upcoming Modernization initiatives.

- **Developed the Performance Architecture Process Document (PAPD).** The purpose of the PAPD is to identify implementable and repeatable process that can be applied to identify Desired Business Results (DBRs) at the enterprise, ACE, and release levels. The PAPD defines processes to show that these DBRs are traceable at the ACE level to the enterprise DBRs, and at the release level to the ACE-level DBRs.

- **Developed the Performance Measurement Management Plan (PMMP).** The PMMP identifies and documents the processes and procedures to be used to develop ACE- and release-level DBR Performance Measures. The PMMP defines processes to help ensure that the ACE Performance Measures track the attainment of benefits as defined in the *ACE/ITDS Cost Benefit Analysis (CBA).*

## 1.3    Open General Accounting Office Recommendations

As reported in the December 31, 2003, ACE Report to Congress, the GAO indicated the CBPMO has completed the actions required to implement the GAO recommendations on (1) incremental investment decisions; (2) Management Reserve (MR); and (3) accelerated ACE acquisition strategy. Based on the GAO review of the FY04 ACE Expenditure Plan in early March 2004, the GAO has closed the following recommendations:

- **Develop and implement process controls for Software Acquisition Capability Maturity Model® (SA-CMM) Level 2 Key Process Areas and Level 3 Acquisition Risk Management, and report quarterly on progress**. The CBPMO achieved SA-CMM® Level 2 in November 2003, and demonstrated that its acquisition processes have been institutionalized and consistently implemented. The Software Engineering Institute also indicated that CBPMO was accomplishing the activities to satisfy the Level 3 Acquisition Risk Management Key Process Area.

- **Certify that the Enterprise Architecture (EA) has been extended before building each ACE release**. The CBPMO has demonstrated that the CBP EA has been sufficiently extended to guide the development of ACE, and that the process and criteria are in place to update and certify the EA before developing each ACE release.

The CBPMO is aggressively addressing the following open GAO recommendations:

### 1.3.1    Cost-Estimating Program

*GAO Recommendation: Develop and implement a rigorous and analytically verifiable cost-estimating program.*

The CBPMO has an established independent cost-estimating capability using a Life-Cycle Cost Model (LCCM). The LCCM enables the analysis and validation of contractor cost and schedule estimates, and helps determine whether the proposed costs and

schedule for specific pieces of work are realistic and reliable.  To date, CBPMO has successfully used the LCCM to provide Independent Government Cost Estimates (IGCEs) for 11 procurement efforts.  The LCCM is independent of all cost and schedule estimates from eCP, and relies on information that is published in the ACE Program Plan.  The GAO has indicated that CBP actions are fully consistent with the GAO recommendations, and that CBP is making progress regarding the GAO cost-estimating recommendation.

### 1.3.2    Human Capital Management (HCM)

*GAO Recommendation: Immediately develop and implement a CBPMO HCM plan and missing HCM practices, and report quarterly on progress.*

Ongoing HCM initiatives and activities include:

- Modernization Strategic Human Capital Management Plan.  The CBPMO revised the Modernization Strategic Human Capital Management Plan.  Currently in draft form, the plan focuses on succession planning, acquisition program management career development, and identifying and closing skill gaps.

- Modernization Staffing Plan.  A Modernization Resource Task Force developed a Modernization Staffing Plan that describes the number of personnel required; describes new positions proposed for the organization and how those positions will be staffed; and includes a responsibility assignment matrix that defines high-level roles and responsibilities for the program team.  The plan is in the final stages of the review process.

- Toolkits for Managers.  As part of an Effective Manager's Handbook, recruitment, selection, and performance management toolkits have been developed to assist supervisors and managers in their leadership.  Toolkit topics include finding, interviewing, and selecting candidates; performance objectives; observation and feedback; and performance appraisals.

- Job Analysis.  The CBPMO is performing a detailed job analysis to thoroughly define each government position.  The Executive Director, Acquisition Director, and Team Lead-level positions are being researched via one-on-one interviews with incumbents and direct supervisors.  The resultant report will define duty areas and tasks in areas such as CBP interfaces, communications, planning, contract management, project management, and employee development and management.

### 1.3.3 Independent Verification and Validation (IV&V)

***GAO Recommendation:  Establish an IV&V function to assist in overseeing systems integration contractor efforts.***

To complement the previously implemented IV&V actions that have provided value in reducing risks, CBPMO developed and implemented the IV&V processes to describe the independent assessment approach, organizational roles, and IV&V reporting relationships and methodologies.  Additionally, the Strategic Implementation Plan for Integrated IV&V was approved by the Acting Assistant Commissioner, Office of Information and Technology (OIT), on December 12, 2003.  The Acting Assistant Commissioner, OIT, has also designated a Special Assistant for Audit Issues and Quality as the government representative to oversee the IV&V effort and to help ensure the independence of the reporting.  The CBPMO continues to coordinate with the GAO to identify any remaining concerns and to collect artifacts from existing processes to demonstrate the effectiveness of IV&V activities.

### 1.3.4 Use of ACE Infrastructure for DHS

***GAO Recommendation:  Take appropriate steps to have future ACE expenditure plans specifically address proposals or plans to extend or use ACE infrastructure to support other homeland security applications.***

The CBPMO is closely coordinating with DHS counterparts to ensure appropriate program integration, plan for future environments, share resources and lessons learned, and leverage economies of scale on infrastructure investment.  In order to support CBP Modernization, CBPMO is developing a plan for a proposed advisory committee, comprised of government officials and private industry experts.  The CBPMO has also included DHS representatives in program management reviews and the development of program expenditure plans.

Additionally, CBP is conducting outreach with the Transportation Security Administration and the Information Analysis and Infrastructure Protection Directorate to determine how they can be involved in ACE development.  Collectively, these coordination and planning initiatives are intended to help identify areas where ACE can be extended for other homeland security purposes.  The leadership from the CBPMO and US VISIT program offices met in mid-February to discuss lessons learned, best practices, and opportunities for collaboration.

## 2.  Schedule

Balancing quality and schedule, the CBP has been aggressively working to put ACE capabilities to work on America's borders as soon as is feasible.  Initial account management capabilities are operational, and the initial feedback from trade community

and CBP users is very favorable.   There are a number of variables impacting on CBP ability to complete ACE development under the current 5-year schedule baseline:

- Expanded mission priorities under the DHS, resulting in a more comprehensive program than initally planned.

- Growth in potential ACE users from the establishment of DHS.

- A greater need to adjust the ACE plan to accelerate development of ACE security capabilities.

- Initially underestimating the size and complexity of ACE.

- Increasing the risk parameters for future releases of ACE based on lessons learned from the early releases.

As a key tool to manage schedule and cost, the ACE LCCM was recently updated to account for this more comprehensive program, assumed funding levels, and actual program performance to date.  Given the greater comprehensiveness of the program, and the other factors highlighted above, ACE costs will increase because ACE will take longer than 5 years to develop.

The ACE Program Plan and the LCCM will be updated when the results of the eCP business blueprinting effort are available in summer 2004.  The GBB will provide more definitive estimated program schedule and cost throughout the cycle of solution design, engineering and architecture analysis, implementation, deployment, and production support.

Near term, the table below reflects original contract baselines, and subsequent performance baseline changes to dates for Periodic Payment and e-Manifest: Trucks (ACE Releases 3 and 4) Production Readiness Reviews (PRR) and Operational Readiness Reviews (ORR).  The dates projected have held steady since the December 31, 2003, report.

| Milestone | Contract Baseline | Revised Program Plan | Current Projection |
|---|---|---|---|
| Periodic Payment PRR | 12/15/03 | 4/30/04 | 5/30/04 |
| Periodic Payment ORR | 3/15/04 | 7/30/04 | 8/26/04 |
| e-Manifest: Trucks  PRR | 4/14/04 | 10/29/04 | 11/26/04 |
| e-Manifest: Trucks ORR | 7/15/04 | 1/31/05 | 2/23/05 |

Figure 1: Periodic Payment and e-Manifest: Trucks Schedules

# 3. Cost

## 3.1 Fiscal Status: Funding and Expenditures

On March 23, 2004, Congress approved the release of the $316.8 million for ACE/ITDS requested in the FY04 Expenditure Plan. To date, Congress has appropriated and released $1.07 billion for ACE/ITDS. Of the $1.07 billion, $685 million has been obligated. Figure 2 provides a summary of ACE funding, obligations, and expenditures through March 31, 2004.
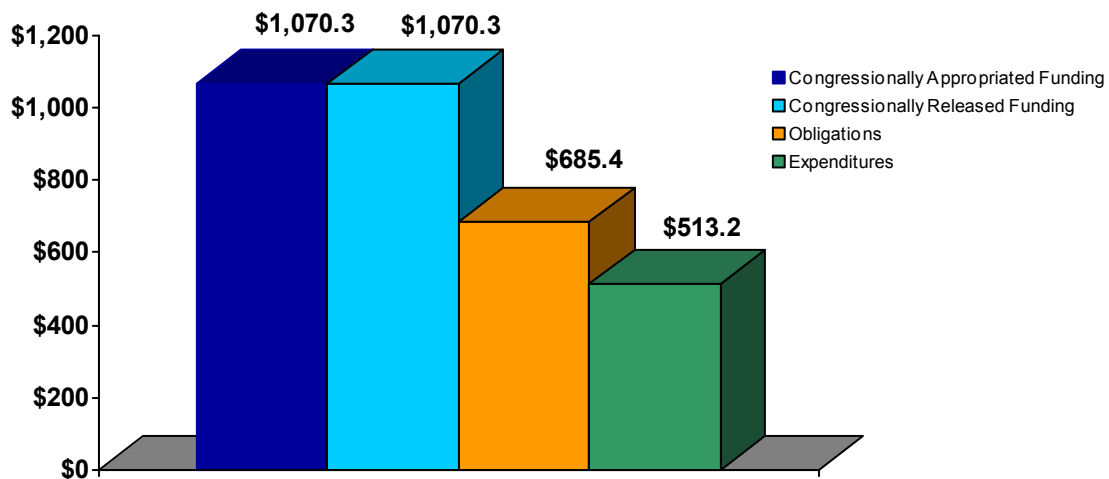
Figure 2: ACE Funding Status (included ITDS)

## 3.2 Cost Containment

In the December 31, 2003, ACE report, CBPMO reported a $34 million variance in Periodic Payment and e-Manifest: Trucks as a result of the delays highlighted in Section 2. The primary reasons for the delays are: (1) design and implementation challenges; (2) insufficient planning for environments (hardware and software) needed for development and testing; and (3) human resource factors, including background investigation delays and personnel attrition. Based on intensified oversight and the application of Earned Value Management analysis, the current estimated cost variance for Periodic Payment and e-Manifest: Trucks is $46 million. This represents a projected program cost variance of 9.4 percent for work currently under contract or already completed. This percentage is within the objective of the cost containment objective to keep cost variance within 10 percent of the program baseline. Based on benchmarks for similarly complex programs, the program variances are within expected boundaries. Also, the 6-month schedule delay and cost variance for Periodic Payment and

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e-Manifest: Trucks are consistent with the risk parameters identified when the task order was negotiated ($35M-$45M cost risk, 4-5 month schedule risk).

During the past several months, the CBPMO has taken aggressive actions to address the cost variance.  The CBPMO:

- Intensified oversight of eCP to identify risks and issues earlier, and take corrective action.

- Intensified scrutiny of eCP plans to identify technical and cost risks before negotiations for new task orders.

- Established and institutionalized an independent cost-estimating capability using LCCM.

- Issued formal contract letters via the CBP Contracting Officer to the eCP in February and March 2004 that required immediate and focused attention on how the eCP manages ACE task orders.

On March 19, 2004, eCP delivered its Over Target Baseline for establishing a revised cost baseline for Periodic Payment and e-Manifest: Trucks, and its Cost Containment Plan.  The CBPMO is currently reviewing these documents to determine acceptability.

The CBPMO has the processes, analysis and reporting mechanisms, management forums, and executive bodies in place to effectively monitor and manage program cost. Collectively, this cost management system is providing the early insights needed to identify issues and take aggressive cost management actions.

The cost variance for Periodic Payment and e-Manifest: Trucks will be funded with replenished management reserve from FY04 funds; the contractor's forfeited incentive fee; and a funding reallocation from the late February 2004 decision to realign the capabilities, which had been planned for e-Manifest: All Modes (Release 5).  Key considerations for realigning e-Manifest: All Modes capabilities included:

- e-Manifest: All Modes functionality related to Selectivity and Targeting (S&T) was realigned to the Selectivity Foundation release to enhance the overall S&T solution.

- A substantial portion of e-Manifest: All Modes functionality is likely to be replaced by follow-on releases or require significant re-engineering to be useful for the long-term solution.

- Based on current plans, e-Manifest: All Modes functionality will provide only interim benefits for 16 months before being replaced.

- Engineering insight from GBB will enable a more informed decision into e-Manifest: All Modes.  Functionality reuse will not be available until May 2004.

The e-Manifest: All Modes decision will be revisited in June 2004 after completion of GBB/SAP Fit-Gap analysis to validate the decision.

## 4.  Near-Term Milestones

The following are key near-term milestones scheduled between April 1 and June 30, 2004.

- **April 2004:  ITDS Workshops.**  The ITDS Board of Directors Chairman and Business Executive, CBPMO, continue to conduct outreach activities to encourage government agency participation in ITDS.  As a result of this outreach, 14 agencies will participate in introductory ITDS workshops and receive information on ACE-ITDS background, how ACE-ITDS will provide value to the agency, the resource commitments the agency must make to effectively integrate into ACE-ITDS, and checklists for agency readiness reviews.  Once agencies commit to the program, they will participate in follow-on workshops on the concept of operations, requirements development, and data harmonization.

- **April 2004:  Systems Acceptance Testing (SAT) for Periodic Payment.**  Systems Integration Testing concluded in February 2004, and Periodic Payment capabilities will enter SAT in April, followed by Periodic Payment Training and User Acceptance Testing in June 2004.

- **May 2004:  Modernization Communications Strategy and Action Plan (CSAP).**  The CSAP will be completed.  It provides a strategy and plan for the development and dissemination of timely and accurate information to the stakeholders and users of the systems developed under the CBP Modernization Program.  This document will be a guide for overall communications objectives, message, and delivery vehicles to reach the targeted stakeholder groups.

- **May 2004:  PRR for Periodic Payment.**  At this milestone, program leaders will review the results of acceptance testing and decide if the system is ready to move into the production phase.

- **May 2004:  GBB Activities.**  The GBB effort will be completed, establishing the business processes and enabling technology framework for future ACE releases.  The GBB activities include joint eCP/CBP workshops with CBP headquarters and Office of Field Operations personnel, port visits, and TSN/Participating Government Agencies' (PGA) validation sessions.  At the conclusion of GBB, CBP and eCP will have better insight on how best to leverage SAP and build upon the work accomplished to date.

- **June 2004:  Periodic Payment Training and User Acceptance Testing.**  A Federal Register provides instructions on how the first 41 ACE accounts, their associated CBP Account Managers, and designated brokers can participate in

Periodic Payment training and testing as part of the process leading to the planned deployment of Periodic Payment capabilities in late summer 2004.

- **June 2004: TSN.** The TSN in June will provide attendees the opportunity to meet and discuss ACE related issues, as well as receive updates on ACE functionality and ACE implementation dates.

## 5. Outlook

The coming year portends to be a pivotal one for ACE. The program will experience the greatest amount of growth to date, providing significant capabilities to government and the trade community. Critical and robust accounts management and truck release functionality is being developed, including:

- Expanded account management functions

- Account revenue functions

- Cargo release functions

- Truck manifest

- Deployment to seven initial ports and the training site

- Enforcement functions – ACE Tracer (initial capability).

Periodic Payment and e-Manifest: Trucks capabilities will go into production. More than 5,000 people will participate in ACE training. Engagement with other agencies on ACE/ITDS will intensify and participation will grow. Twenty-seven agencies are targeted for ITDS outreach in 2004. The eCP will complete the GBB effort, charting the course for future ACE releases. Finally, CBP will continue to integrate and mature its processes and programs as part of DHS.

Senior CBP and IBM/eCP leaders continue to meet frequently to ensure close senior executive attention to the ACE program to meet the concomitant challenges of a program as large and complex as ACE. Continuous improvement is the focus at every level of the program as CBP and its contractor team moves toward the final objective of putting the full complement of ACE capabilities on America's borders.

**For More Information:**

Additional information on ACE may be found on the CBP website (www.cbp.gov) under the *Modernization and ACE* link.

The first five reports to Congress on ACE may be found on the CBP website at http://www.cbp.gov/xp/cgov/toolbox/about/modernization/quarterly_reports/

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# Appendix A  Customs Modernization Act Requirements for ACE and Description of ACE Functionality

| Modernization Act Requirements for Electronic Processing | Release 1 ACE Foundation / Release 2 Account Creation | Release 3 Periodic Payment | Release 4 e-Manifest: Trucks | Release 5 e-Manifest: All Modes (realigned) | S1 Selectivity Foundation | S2 Advanced Targeting Tools | S3 Full Selectivity & Targeting Tools | Release 6 End-end e-Processing | Release 7 ACE Wrap Up |
|---|---|---|---|---|---|---|---|---|---|
| **Subtitle A – Improvements in Customs Enforcement** | | | | | | | | | |
| Penalties for violations of arrival, reporting, entry, and clearance requirements | | | | ■ | | | | | ■ |
| CBP Testing Laboratories; Detention of Merchandise | | | ■ | ■ | | | | ■ | ■ |
| Review of Protests | | | | ■ | | | | | ■ |
| Penalties Relating to Manifests | | | | ■ | | | | | ■ |
| Penalties for False Drawback Claims | | | | ■ | | | | | ■ |
| Interpretative Rulings and Decisions; Public Information | ■ | | | ■ | | | | ■ | ■ |
| **Subtitle B – National Customs Automation Program** | | | | | | | | | |
| Electronic Entry of Merchandise | | | | ■ | | | | ■ | ■ |
| Electronic Entry Summary | | | | ■ | | | | ■ | ■ |
| Electronic Invoice | | | | ■ | | | | ■ | ■ |
| Electronic Manifest | | | ■ | ■ | | | | | ■ |
| Electronic Payments of Duties and Fees | | ■ | | ■ | | | | ■ | ■ |
| Electronic Liquidation | | | | ■ | | | | ■ | ■ |

| Modernization Act Requirements for Electronic Processing | Release 1 ACE Foundation Release 2 Account Creation | Release 3 Periodic Payment | Release 4 e-Manifest: Trucks | Release 5 e-Manifest: All Modes (realigned) | S1 Selectivity Foundation | S2 Advanced Targeting Tools | S3 Full Selectivity & Targeting Tools | Release 6 End-end e-Processing | Release 7 ACE Wrap Up |
|---|---|---|---|---|---|---|---|---|---|
| Electronic Cargo and Entry Summary Selectivity | | | ■ | | ■ | ■ | ■ | ■ | ■ |
| Electronic Protests | | | | | | | | | ■ |
| Customhouse Brokers | | ■ | | | | | | ■ | ■ |
| Electronic Remote Entry Filing | | | | | | | | ■ | ■ |
| Import Activity Summary Statements and Reconciliation | | | | | | | | ■ | ■ |
| Electronic Bonds | | | | | | | | ■ | ■ |
| Electronic Penalties | | | | | | | | | ■ |
| Electronic Drawback Claims, Records, and Entries | | | | | | | | | ■ |
| Electronic Refunds | | | | | | | | ■ | ■ |
| **Subtitle C – Miscellaneous Amendments to the Tariff Act of 1930** | | | | | | | | | |
| Report of Arrival | | | ■ | | | | | ■ | |
| Entry of Vessels | | | | | | | | | |
| Unlading | | | | | | | | | |
| General Order | | | | | | | | | ■ |
| Entry Under Regulations/ Informal Entries | | | ■ | | | | | ■ | ■ |

| Modernization Act Requirements for Electronic Processing | Release 1 ACE Foundation Release 2 Account Creation | Release 3 Periodic Payment | Release 4 e-Manifest: Trucks | Release 5 e-Manifest: All Modes (realigned) | S1 Selectivity Foundation | S2 Advanced Targeting Tools | S3 Full Selectivity & Targeting Tools | Release 6 End-end e-Processing | Release 7 ACE Wrap Up |
|---|---|---|---|---|---|---|---|---|---|
| Simplified Recordkeeping for Merchandise Transported by Pipeline | | | | | | | | | ■ |
| Entry for Warehouse | | | | | | | | ■ | |
| Collection of Fees on Behalf of Other Agencies | | | | | | | | ■ | |
| **Subtitle D – Miscellaneous Provisions and Consequential and Conforming Amendments to Other Laws** | | | | | | | | | |
| Vessel Clearance | | | | | | | | | ■ |

## ACE Implementation

The functional capabilities of ACE are expected to deliver increased border security and enable improved compliance.  The ACE will also increase efficiency and improve customer service for key stakeholders that include importers, brokers, carriers, and other government agencies.

The ACE Secure Data Portal was launched in June 2003 with 41 importer accounts.  The portal provides initial on-line account capabilities to CBP and the trade community.  Periodic Payment features are scheduled for release in summer 2004, with the operational deployment scheduled for fall 2004.  These features provide centralized payment processing by account to allow for monthly periodic statement and payment capabilities.  Cargo Processing in ACE will begin in ACE e-Manifest: Trucks.  This will allow for quicker entry for pre-filed and pre-approved cargo.  Delivery of this capability will proceed in phases.  Phase one includes the seven busiest land border ports.  The ACE will ultimately be delivered to all ports, locations, and transportation modes including sea, air, and rail.

The following paragraphs summarize ACE implementation activities for planned ACE releases.

## ACE Release 3 (Periodic Payment): Summer 2004 (scheduled production readiness)

**Features:**

- **Monthly Periodic Statement –** A monthly summary of the receivables and disbursements relating to a particular trade account and covering a specified period.

- **Monthly Periodic Payment –** A financial transaction in which a trade account pays the obligations, such as duties and fees.

Additional features in this release will expand the account management framework to a larger trade audience, including brokers, carriers, and CBP officers overseeing those areas. It will provide a record of communications between the account and CBP (and ultimately with PGAs) via the Significant Activities Log.

The periodic electronic statement and payment capabilities are similar to commercial credit card payment processes. The ACE participants will be able receive a monthly listing of their daily account statements and make one monthly payment for each of their filing codes via the Automated Clearing House (ACH) electronic funds transfer system. In addition, this release will establish the first CBP customer-based subsidiary ledger for financial transaction processing,

## ACE Release 4 (e-Manifest: Trucks): Fall 2004 (scheduled production readiness)

**Features:**

- **Automated Truck Manifest –** Truck drivers electronically submit a list of the separate items of freight being transported by a conveyance, together with their distinguishing marks, numbers, or characteristics.

- **e-Release –** The electronic process by which CBP authorizes the transfer (i.e., release) of goods from the carrier or warehouse to an importer, thereby allowing goods to be entered into the United States.

The e-Manifest: Trucks release will provide an electronic truck manifest, a primary inspector interface, and expedited importation processing. The inspector interface will consolidate more than seven separate cargo release systems to provide CBP officers with a comprehensive view of enforcement and transaction history data to enhance enforcement capabilities and simultaneously expedite the movement of trade. The electronic manifest will fulfill the mandate from the Trade Act of 2002 to provide an electronic manifest for trucks. The manifest release processes will determine the admissibility of cargo, conveyances, and equipment arriving in the United States. The release will interface with Automated Targeting System to provide selectivity data to CBP primary officers to target high-risk transactions, and Tracer to record and track

information associated with potential or actual non-compliance.  Preferred e-Release will subsume the Free and Secure Trade (FAST) Declaration (manifest filing) and FAST Release (release truck and cargo and creation of entries) functionality.

This release includes the first PGA, the Federal Motor Carrier Safety Administration, to manage truck safety issues at U.S. land borders.  The e-Manifest: Trucks processing will be initially deployed in up to seven truck ports and then expanded to all U.S. land border crossings.  Once e-Manifest: Trucks is deployed in all FAST ports, ACE will process all of the FAST transactions (Declaration and Release).

The Periodic Payment and e-Manifest: Trucks releases passed the formal review and approval during the Critical Design Review with CBP officials in early fall 2003.  Periodic Payment is being tested, and e-Manifest: Trucks is in the construction phase.

Communication events and activities are being scheduled to acquaint CBP personnel and trade representatives with details of Periodic Payment and e-Manifest: Trucks.  The CBP Business Process Owners are working closely with CBPMO and eCP to prepare Workforce Transformation Outreach plans to acquaint stakeholders with Periodic Payment.

Periodic Payment and e-Manifest: Trucks aim to expand access to approximately 1,100 importers, carriers, and brokers.  Training will be instructor-led for CBP end-users for Periodic Payment and e-Manifest: Trucks.  Computer-Based Training (CBT) will be developed to train trade participants and end-users working for PGAs for both releases.  The User Acceptance Test will follow the training for both Periodic Payment and e-Manifest: Trucks and will consist of reviewing tasks that are relevant to the end-users' usual duties.

**ACE Release 5 (e-Manifest:  All Modes):**

As noted in earlier in this report, e-Manifest:  All Modes capabilities have been realigned.

**ACE Release Selectivity 1 (Selectivity Foundation):  Summer 2005 (scheduled production readiness)**

**Features:**

- Initial Criteria Management

- Initial Release Selectivity functionality using Manifest and Entry for Air, Rail, Sea, and Truck

### ACE Release Selectivity 2 (Advanced Targeting Tools):  Winter 2006 (scheduled production readiness)

**Features:**

- Consolidated Release Selectivity functionality using Manifest and Entry for Air, Rail, Sea, and Truck

- Post Release Selectivity

- Enhanced Criteria Management

- System Generated Analysis

### ACE Release Selectivity 3 (Full Selectivity and Targeting Tools):  Summer 2006 (scheduled production readiness)

**Features:**

- Selectivity functionality for Export, Mail, Courier, Pipeline, Hand Carry, and Multi-modal Manifest

- Enhanced Risk Management Activities

> **NOTE:**  *The features outlined below for ACE End-End Processing and ACE Wrap Up are the features of record.  The GBB effort being conducted by the eCP will define future business processes and form the basis for determining the capabilities that will be developed for future ACE releases.  The GBB is scheduled to be completed in summer 2004.*

### ACE Release 6 (End-to-End e-Processing):  Date TBD

**Features:**

- Security and Commercial Accounts:

    - Remaining import account types

    - Bond data and Bond Sufficiency

    - Maintain CBP Licenses, Permits, and Certificates

    - Account view of Export Data

- Administrative Messaging

- Periodic Statements

- Accept Payments (including Electronic Funds Transfer and Lockbox)

- Enhanced General Ledger Integration with Subsidiary Ledgers

- Refunds for Liquidation

- Chief Financial Officer reports

- Violation Billing

- **Cargo and Enforcement Processing:**

- Accept all major entry types

- Initial Cargo, Conveyance, Individual, and Equipment (CCIE) tracking

- Enforcement and Tracer for Entry Summary and all entry types (except Mail, Courier, Hand Carry, and Pipeline)

- Tracer for initial Cargo Tracking, Quote/Visa, Anti-Dumping/Countervailing Duty

- **Port Release Processing:**

- Entry Summary, Temporary Importation Bond, Vessel Repair

- Reconciliation

- Liquidation/Close out

- Quota, Visa, Anti-Dumping/Countervailing Duty

- **Reference Data:**

- Receive Electronic Ruling request

- Tracking of Legal Notices, Congressional Responses, and Agreements

- Quota/Visa

- Import Reference Data

- Statistical analysis and reports

- Non-CBP Licenses, Permits, and Certificate

## ACE Release 7 (ACE Wrap Up):  Date TBD

**Features:**

- **Security and Commercial Accounts:**

  - Exporter Accounts

  - Regulatory audit

  - Full compliance analysis

  - Accept cash payments

  - Import Activity Summary Statements (IASS)

  - Miscellaneous refunds

  - Full revenue processing

  - Drawback and protest refunds

  - Full General Ledger Integration with Subsidiary Ledgers

- **Cargo and Enforcement Processing**

  - Mail, Courier, Hand Carry, Pipeline manifest, e-Release, and Tracking

  - Multi-modal manifest

  - Full CCIE tracking

  - Full export processing

  - Enforcement and Tracer for Mail, Courier, Hand Carry, and Pipeline

  - Enforcement and Tracer for exports, drawback, IASS, cargo and conveyance tracking, and account compliance

- **Port Release Processing:**

  - IASS

  - Protest, drawback

- **Reference Data:**

  - Full electronic ruling processing

- e-Training

- Full Freedom of Information Act (FOIA) processing

- Export reference data

- Watch lists

# Appendix B.  Acronyms and Selected Definitions

| | |
|---|---|
| **ACE** | Automated Commercial Environment.  The first major project of U.S. Customs and Border Protection Modernization.  Through enhanced business processes and the new technology in ACE that will support them, border security and trade facilitation will be greatly enhanced. |
| **CBP** | U.S. Customs and Border Protection |
| **CBT** | Computer-Based Training |
| **CBPMO** | U.S. Customs and Border Protection Modernization Office.  The program office for the Automated Commercial Environment project and other CBP Modernization efforts. |
| **CCIE** | Cargo, Conveyance, Individual, and Equipment |
| **CSAP** | Communications Strategy and Plan |
| **DBR** | Desired Business Results |
| **DHS** | Department of Homeland Security |
| **EA** | Enterprise Architecture |
| **eCP** | e-Customs Partnership |
| **FAST** | Free and Secure Trade |
| **FRN** | Federal Register Notice |
| **FY** | Fiscal Year |
| **FOIA** | Freedom of Information Act |
| **GAO** | General Accounting Office |
| **GBB** | Global Business Blueprinting |
| **GSN** | Government Support Network |
| **HC** | Human Capital |
| **HCC** | Human Capital Capability |
| **HCM** | Human Capital Management |
| **HCMP** | Human Capital Management Plan.  The human capital plan that provides near and long-term HCM solutions to support recruiting, retention, training, and tying performance and reward programs to modernization goals. |
| **IASS** | Import Activity Summary Statement |
| **IIF** | Intelligent Information Factory |
| **IGCE** | Independent Government Cost Estimate |

| | |
|---|---|
| **ITDS** | International Trade Data System |
| **IV&V** | Independent Verification and Validation |
| **KBRM** | Knowledge-Based Risk Management |
| **LCCE** | Life-Cycle Cost Estimate |
| **LCCM** | Life-Cycle Cost Model |
| **MR** | Management Reserve |
| **OIT** | Office of Information and Technology |
| **ORR** | Operational Readiness Review |
| **PAPD** | Performance Architecture Process Document |
| **PGA** | Participating Government Agency |
| **PMMP** | Performance Measurement Management Plan |
| **PRR** | Production Readiness Review |
| **S&T** | Selectivity and Targeting |
| **SA-CMM**® | Software Acquisition Capability Maturity Model. The SA-CMM was developed by Carnegie Mellon University's Software Engineering Institute as a model for acquiring or procuring software-intensive systems. It is used to assess the maturity of an organization's systems acquisition process to ensure that cost, schedule, and performance goals are met. The CBPMO has achieved SA-CMM® Level 2 maturity. At Level 2, personnel in the organization have "process discipline." They are knowledgeable of promulgated policies, processes, and procedures that relate to the project, and have institutionalized them into their daily activities. |
| **SAP** | Systems, Applications, and Products in Data Processing |
| **SAPG** | Systems Acquisition Planning Group |
| **SAT** | Systems Acceptance Testing |
| **SDLC** | Software Development Lifecycle |
| **SEI**® | Software Engineering Institute. See SA-CMM. |
| **SIT** | Systems Integration Testing |
| **SWIT** | Software Integration Testing |
| **TSN** | Trade Support Network |
| **UAT** | User Acceptance Testing |